

AMENDED IN ASSEMBLY MARCH 31, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2535

Introduced by Assembly Member Steinberg

February 20, 2004

An act to amend ~~Sections 8880.4 and~~ *Section* 8880.5 of the Government Code, relating to the California State Lottery.

LEGISLATIVE COUNSEL'S DIGEST

AB 2535, as amended, Steinberg. California State Lottery.

(1) The California State Lottery Act of 1984 establishes a state lottery that, among other things, provides funds to benefit public education. The act specifies that of the total annual revenues from the sale of state lottery tickets or shares, 50% shall be returned to the public in the form of prizes, as specified, at least 34% shall be allocated to the benefit of public education, as specified, and no more than 16% shall be allocated for the payment of expenses of the lottery as described in the lottery act. ~~Existing law requires that for the 1998–99 fiscal year and each fiscal year thereafter, 50% of any increase in the share of these moneys calculated to the benefit of public education from the amount calculated in the 1997–98 fiscal year be allocated to school districts and community college districts for the purchase of instructional materials on the basis of an equal amount per unit of average daily attendance.~~

This bill would ~~delete school districts from that provision and instead require that~~ the funds received by each school district under the act ~~shall~~ *to* be used by the district to ensure compliance with specified laws relating to instructional materials and to ensure the availability of

textbooks and other instructional materials aligned to academic content standards.

(2) The bill would provide that the changes to the lottery act specified in (1), ~~would~~ take effect only when submitted to and approved by the voters. The bill would require that its provisions be submitted to the electors at the next statewide election occurring 131 days after this bill is adopted.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 8880.4 of the Government Code is~~
2 ~~amended to read:~~
3 ~~8880.4. Revenues of the state lottery shall be allocated as~~
4 ~~follows:~~
5 ~~(a) Not less than 84 percent of the total annual revenues from~~
6 ~~the sale of state lottery tickets or shares shall be returned to the~~
7 ~~public in the form of prizes and net revenues to benefit public~~
8 ~~education.~~
9 ~~(1) Fifty percent of the total annual revenues shall be returned~~
10 ~~to the public in the form of prizes as described in this chapter.~~
11 ~~(2) At least 34 percent of the total annual revenues shall be~~
12 ~~allocated to the benefit of public education, as specified in Section~~
13 ~~8880.5. However, for the 1998–99 fiscal year and each fiscal year~~
14 ~~thereafter, 50 percent of any increase in the amount calculated~~
15 ~~pursuant to this paragraph from the amount calculated in the~~
16 ~~1997–98 fiscal year shall be allocated to community college~~
17 ~~districts for the purchase of instructional materials, on the basis of~~
18 ~~an equal amount per unit of average daily attendance, as defined~~
19 ~~by law.~~
20 ~~(3) All unclaimed prize money shall revert to the benefit of~~
21 ~~public education.~~
22 ~~(4) All of the interest earned upon funds held in the State~~
23 ~~Lottery Fund shall be allocated to the benefit of public education,~~
24 ~~as specified in Section 8880.5. This interest is in addition to, and~~
25 ~~shall not be considered as any part of, the 34 percent of the total~~
26 ~~annual revenues that is required to be allocated for the benefit of~~
27 ~~public education as specified in paragraph (2).~~

~~(5) No more than 16 percent of the total annual revenues shall be allocated for payment of expenses of the lottery as described in this chapter. To the extent that expenses of the lottery are less than 16 percent of the total annual revenues, any surplus funds also shall be allocated to the benefit of public education, as specified in this section or in Section 8880.5.~~

~~(b) Funds allocated for the benefit of public education pursuant to subdivision (a) are in addition to other funds appropriated or required under existing constitutional reservations for educational purposes. No program shall have the amount appropriated to support that program reduced as a result of funds allocated pursuant to subdivision (a). Funds allocated for the benefit of public education pursuant to subdivision (a) shall not supplant funds committed for child development programs.~~

~~(c) None of the following shall be considered revenues for the purposes of this section:~~

~~(1) Revenues recorded as a result of a nonmonetary exchange. "Nonmonetary exchange" means a reciprocal transfer, in compliance with generally accepted accounting principles, between the lottery and another entity that results in the lottery acquiring assets or services and the lottery providing assets or services.~~

~~(2) Reimbursements received by the lottery for the cost of goods or services provided by the lottery that are less than or equal to the cost of the same goods or services provided by the lottery.~~

~~(d) Reimbursements received in excess of the cost of the same goods and services provided by the lottery, as specified in paragraph (2) of subdivision (c), are not a part of the 34 percent of total annual revenues required to be allocated for the benefit of public education, as specified in paragraph (2) of subdivision (a). However, this amount shall be allocated for the benefit of public education as specified in Section 8880.5.~~

~~SEC. 2.~~

~~SECTION 1.~~ Section 8880.5 of the Government Code is amended to read:

8880.5. Allocations for education:

The California State Lottery Education Fund is created within the State Treasury, and is continuously appropriated for carrying out the purposes of this chapter. The Controller shall draw warrants on this fund and distribute them quarterly in the

1 following manner, provided that the payments specified in
2 subdivisions (a) to (g), inclusive, shall be equal per capita
3 amounts.

4 (a) (1) Payments shall be made directly to public school
5 districts, including county superintendents of schools, serving
6 kindergarten and grades 1 to 12, inclusive, or any part thereof, on
7 the basis of an equal amount for each unit of average daily
8 attendance, as defined by law and adjusted pursuant to subdivision
9 (l).

10 (2) Funds received pursuant to this subdivision shall be used to
11 ensure all of the following:

12 (A) That textbooks and other instructional materials aligned to
13 academic content standards are available to each pupil.

14 (B) Compliance with Section 60119 of the Education Code.

15 (b) Payments shall also be made directly to public school
16 districts serving community colleges, on the basis of an equal
17 amount for each unit of average daily attendance, as defined by
18 law.

19 (c) Payments shall also be made directly to the Board of
20 Trustees of the California State University on the basis of an
21 amount for each unit of equivalent full-time enrollment. Funds
22 received by the trustees shall be deposited in and expended from
23 the California State University Lottery Education Fund, which is
24 hereby created or, at the discretion of the trustees, deposited in
25 local trust accounts in accordance with subdivision (j) of Section
26 89721 of the Education Code.

27 (d) Payments shall also be made directly to the Regents of the
28 University of California on the basis of an amount for each unit of
29 equivalent full-time enrollment.

30 (e) Payments shall also be made directly to the Board of
31 Directors of the Hastings College of the Law on the basis of an
32 amount for each unit of equivalent full-time enrollment.

33 (f) Payments shall also be made directly to the Department of
34 the Youth Authority for educational programs serving
35 kindergarten and grades 1 to 12, inclusive, or any part thereof, on
36 the basis of an equal amount for each unit of average daily
37 attendance, as defined by law.

38 (g) Payments shall also be made directly to the two California
39 Schools for the Deaf, the California School for the Blind, and the
40 three Diagnostic Schools for Neurologically Handicapped



1 Children, on the basis of an amount for each unit of equivalent
2 full-time enrollment.

3 (h) Payments shall also be made directly to the State
4 Department of Developmental Services and the State Department
5 of Mental Health for clients with developmental or mental
6 disabilities who are enrolled in state hospital education programs,
7 including developmental centers, on the basis of an equal amount
8 for each unit of average daily attendance, as defined by law.

9 (i) No Budget Act or other statutory provision shall direct that
10 payments for public education made pursuant to this chapter be
11 used for purposes and programs (including workload adjustments
12 and maintenance of the level of service) authorized by Chapters
13 498, 565, and 1302 of the Statutes of 1983, Chapter 97 or 258 of
14 the Statutes of 1984, or Chapter 1 of the Statutes of the 1983–84
15 Second Extraordinary Session.

16 (j) School districts and other agencies receiving funds
17 distributed pursuant to this chapter may at their option utilize funds
18 allocated by this chapter to provide additional funds for those
19 purposes and programs prescribed by subdivision (i) for the
20 purpose of enrichment or expansion.

21 (k) As a condition of receiving any moneys pursuant to
22 subdivision (a) or (b), each district and county superintendent of
23 schools shall establish a separate account for the receipt and
24 expenditure of those moneys, which account shall be clearly
25 identified as a lottery education account.

26 (l) Commencing with the 1998–99 fiscal year, and each year
27 thereafter, for the purposes of subdivision (a), average daily
28 attendance shall be increased by the statewide average rate of
29 excused absences for the 1996–97 fiscal year as determined
30 pursuant to the provisions of Chapter 855 of the Statutes of 1997.
31 The statewide average excused absence rate, and the
32 corresponding adjustment factor required for the operation of this
33 subdivision, shall be certified to the State Controller by the
34 Superintendent of Public Instruction.

35 (m) It is the intent of this chapter that all funds allocated from
36 the California State Lottery Education Fund shall be used
37 exclusively for the education of pupils and students and no funds
38 shall be spent for acquisition of real property, construction of
39 facilities, financing of research, or any other noninstructional
40 purpose.

1 ~~SEC. 3. Sections 1 and 2 of this act amend~~
2 *SEC. 2. Section 1 of this act amends* the California State
3 Lottery Act of 1984, an initiative statute, and shall become
4 effective only when submitted to and approved by the voters.
5 ~~Sections 1 and 2~~ *Section 1* of this act shall be submitted to the
6 electors at the next statewide election occurring at least 131 days
7 after this act is adopted in the same manner as measures submitted
8 to the voters by the Legislature, as provided in the Elections Code.

